

CLIFFE DEKKER
HOFMEYR INC
Prokureur/Attorney

366

TEL: (011) 562 1000

NOTARIAL DEED OF LEASE

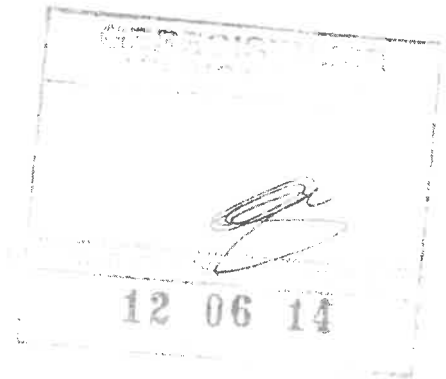
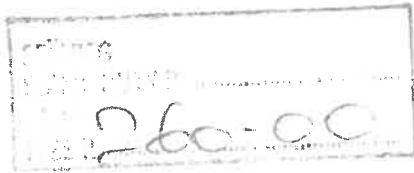
in favour of

RAGON TECHNICAL SERVICES CLOSE CORPORATION

over

ERF 3056 JUKSKEI VIEW EXTENSION 39 TOWNSHIP

CLIFFE DEKKER HOFMEYR INC
1 PROTEA PLACE
SANDOWN
SANDTON, 2196
(011) 562 1000
Tel: (011) 562 1000



PROTOCOL NO. 5767

NOTARIAL DEED OF LEASE

KNOW ALL MEN WHOM IT MAY CONCERN:

THAT at SANDTON on 31 May 2014

before me **ADRIAAN WILLEM PRETORIUS**

of Sandton, in the Province of Gauteng, Notary Public, by lawful authority duly admitted and sworn
and in the presence of the subscribing witnesses personally came and appeared

LUCINDI NOELENE PLOTZ of SANDTON, she, the said Appearer being duly authorised thereto by:

1. A resolution of the Directors of

WATERFALL COUNTRY ESTATE WUQF PROPRIETARY LIMITED
Registration Number 2004/013493/07

(hereinafter with its successors in title or assigns, called the "**Lessor**"); and

2. A special power of attorney in her favour signed at SANDTON on 30 May 2014, granted by

RAGON TECHNICAL SERVICES CLOSE CORPORATION
REGISTRATION NUMBER 2009/043671/23

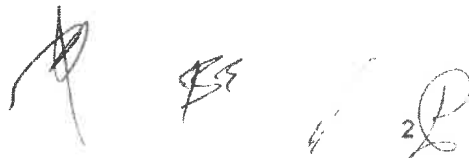
(hereinafter with his heirs, executors, administrators or assigns, called the "Lessee")

which said special powers of attorney are filed in my protocol with the minute of these presents.

NOW THEREFORE THESE PRESENTS AGREE AS FOLLOWS:

1 INTERPRETATION

- 1.1 In this Lease Agreement (including Schedule A thereto), unless inconsistent with or otherwise indicated by the context
- 1.1.1 "Deposit" means R100 000,00 (one hundred thousand rand);
- 1.1.2 "Developer" means Waterfall Golf Estate Proprietary Limited (Registration Number 2004/034615/07);
- 1.1.3 "Development" means Jukskei View Extension 39 Township;
- 1.1.4 "Effective Date" means the date of Registration of this Lease Agreement;
- 1.1.5 "Initial Agreement" means the agreement concluded on 15 April 2014 by the Lessee and the Lessor substantially on the same terms and conditions as this Lease Agreement;
- 1.1.6 "Lease Agreement" means the lease agreement as set out in this document including the Standard Terms and Conditions;
- 1.1.7 "Lease Consideration" means R1 695 000,00 (one million six hundred and ninety five thousand rand) inclusive of VAT at the standard rate;
- 1.1.8 "Lease Term" means the lease term commencing on the Effective Date and subject to the extension of the lease period in terms of clause 7.1 below of the Standard Terms and Conditions, terminating 99 (ninety nine) years after the Effective Date;
- 1.1.9 "Lessee's Contact Details" means
- 1.1.9.1 "Lessee's Domicile Address" – the Property hereby leased;
- 1.1.9.2 "Lessee's Contact Fax Number" - 086 515 0208;
- 1.1.10 "Lessor's Attorneys" means Cliffe Dekker Hofmeyr Incorporated of 1 Protea Place, Sandown Johannesburg (reference: Cindi Plotz – telephone: telephone: 011 – 562 1000, facsimile number 011 – 562 1644);



1.1.11 "Property" means

ERF 3056 JUKSKEI VIEW EXTENSION 39 TOWNSHIP
REGISTRATION DIVISION I.R.,
PROVINCE OF GAUTENG

MEASURING 1040 (ONE THOUSAND AND FORTY) SQUARE METRES

HELD BY Certificate of Registered Title about to be registered
and all improvements thereon and includes the fixtures and fittings;

1.1.12 "Residents Association" means Waterfall Country Estate Home Owners Association NPC, Registration Number 2009/012918/08, a company duly incorporated in accordance with the laws of the Republic of South Africa; and

1.1.13 "Standard Terms and Conditions" means the standard terms and conditions attached to this Lease Agreement.

2 LEASE

The Lessor lets the Property to the Lessee who rents the Property for the Lease Term upon the terms and conditions as set out in this Lease Agreement, the conditions contained the title deed of the Property, the applicable town planning scheme and/or the relevant Diagram or General Plan.

3 PAYMENT OF LEASE CONSIDERATION

3.1 The Lease Consideration is payable by the Lessee to the Lessor for the use and occupation of the Property for the whole of the Lease Term.

3.2 The Lease Consideration shall be paid by the Lessee to the Lessor against Registration of this Lease Agreement.

3.3 Pending Registration of this Lease Agreement the Lessee shall -

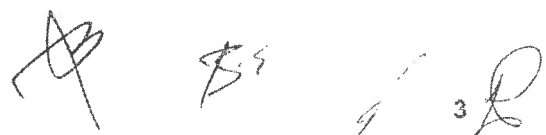
3.3.1 within 7 (seven) days after the signature date of the Initial Agreement pay to the Lessor's Attorneys in trust the Deposit which amount shall be invested by the Lessor's Attorneys in an interest bearing trust account with a bank or other financial institution approved by the Developer on the basis that all interest earned thereon shall accrue to the Lessee. This Lease Agreement constitutes the Written authority of the Parties to the Lessor's Attorney as contemplated in section 78 (2A) of the Attorneys Act, No 53 of 1979, as amended; and

3.3.2 by not later than 30 (thirty) days after the later of the signature date of the Initial Agreement and the date on which Mortgage Financier granted its in principle approval of the Mortgage Bond deliver to the Lessor's Attorneys a guarantee for the payment of the balance of the Lease Consideration.

4 COST OF REGISTRATION

The Parties record that

4.1 provided the Lessor's Attorneys attend to the Registration of this Lease Agreement, the Developer shall pay the costs of such Registration;



4.2 the Lessee shall pay the costs of Registration of -

4.2.1 the Mortgage Bond (if applicable); and

4.2.2 this Lease Agreement if the Mortgage Bond is registered by attorneys other than the Lessor's Attorneys.

AND the said LUCINDI NOELENE PLOTZ

in her capacity aforesaid, declared in the name and on behalf of the Lessee to accept the grant of rights and the lease herein before set forth, agreeing on behalf of the Lessee to fulfill each and every of the conditions and obligations imposed upon the Lessee by virtue hereof.

THUS DONE and EXECUTED at SANDTON aforesaid, on the day, month and year first aforewritten, in the presence of the subscribing witnesses.

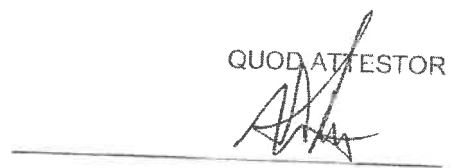
AS WITNESSES:

1 
2 


q.q. THE LESSOR

1 
2 


q.q. THE LESSEE

QUOD ATTESTOR

NOTARY PUBLIC

STANDARD TERMS AND CONDITIONS

1 INTERPRETATION

- 1.1 In this Lease Agreement, unless inconsistent with or otherwise indicated by the context -
- 1.1.1 "Alterations" means any additions, alterations, improvements, renovations and repairs to the Property but excludes the construction of a dwelling house on the Property;
- 1.1.2 "Business Day" means a day which is not a Saturday, Sunday or South African public holiday;
- 1.1.3 "Control" means in relation to the Lessee the ability to exercise -
- 1.1.3.1 more than 50% of the voting power of; or
- 1.1.3.2 a material influence over financial and trading policies of; or
- 1.1.3.3 the right to control the management of the Lessee concerned;
- 1.1.4 "CPIX" means the Consumer Price Index excluding interest rates on mortgage bonds (Metropolitan and other urban areas) as published from time to time by Statistics South Africa and failing the publication of that Index, a similar Index as determined by Statistics South Africa;
- 1.1.5 "CPI increase" means any increase in the CPIX, expressed as a percentage, over any given period;
- 1.1.6 "Deemed Disposal" means the transfer of an interest in the Lessee if the Lessee is not a natural person which results in a change in the Control of the Lessee;
- 1.1.7 "Distressed Disposal" means a disposal by the Lessee of the Leasehold Rights to a Third Party where the proceeds of such disposal are insufficient to discharge the Lessee's indebtedness to the Mortgage Financier, and notwithstanding such shortfall the Mortgage Financier consents to the said disposal, and includes a disposal on the insolvency of the Lessee by a liquidator or trustee;
- 1.1.8 "Escrow Agent" means the escrow agent appointed in terms of the Escrow Agreement;
- 1.1.9 "Escrow Agent Trust Account" means the trust account (in accordance with the Attorneys Act No 53 of 1979) identified in the Escrow Agreement;
- 1.1.10 "Escrow Agreement" means the Escrow Agreement entered into or to be entered into between Cliffe Dekker Hofmeyr Incorporated (as agent) and the Waterfall Fund Trust and in terms of which, inter alia, portion of the Extension Consideration is to be paid to the Escrow Agent Trust Account;
- 1.1.11 "Extension Consideration" means an amount plus VAT thereon which shall be calculated as follows: If the Lease Term is extended -
- 1.1.11.1 earlier than 3 (three) years after the first Registration of this Lease Agreement, no consideration shall be payable; or
- 1.1.11.2 3 (three) years or longer after the first Registration of this Lease Agreement -
- 1.1.11.2.1 pursuant to the disposal of the Leasehold Rights, the Specified Percentage of the gross selling price or Fair Value of the Leasehold Rights whichever is the greater; or
- 1.1.11.2.2 at the instance of the Lessee, the Specified Percentage of the Fair Value of the Leasehold Rights.



- 1.1.12 "Fair Value" shall be -
- 1.1.12.1 as agreed in Writing between the Lessor and the Lessee within 20 (twenty) days from Written request by either Party, in the case of a disposal or extension of the Lease Term by the Lessee;
- 1.1.12.2 as agreed in Writing between the Lessor and the Mortgage Financier within 20 (twenty) days from Written request by either Party, in the case of a cancellation of the Lease as contemplated in clause 13.14 below;
- 1.1.12.3 failing agreement, the market value as determined by an independent expert (whose decision shall be final and binding on the Parties) agreed by the Lessor and the Lessee or the Mortgage Financier (as the case may be), and failing agreement in respect of such expert, an expert nominated by the President for the time being of the South African Property Owners Association or its successor body; and
- 1.1.12.4 in the case of a Forced Disposal, the disposal proceeds realised at such disposal;
- 1.1.13 "Forced Disposal" means a disposal of the Leasehold Rights -
- 1.1.13.1 to a third party by means of a sale in execution pursuant to a default by the Lessee under the Mortgage Financier Agreement or Mortgage Bond;
- 1.1.13.2 by the Mortgage Financier (or its nominee) where the Mortgage Financier has bought the Leasehold Rights at the sale contemplated in clause 1.1.13.1 above;
- 1.1.14 "Law" means any law of general application and includes the common law and any statute, constitution, decree, treaty, regulation, directive, ordinance, by-law, order or any other enactment or legislative measure of government (including local and provincial government) statutory or regulatory body which has the force of law;
- 1.1.15 "Leasehold Rights" means all of the rights, title and interest of the Lessee in terms of this Lease Agreement;
- 1.1.16 "Mortgage Bond" means the mortgage bond registered over the Leasehold Rights by the Lessee in favour of the Mortgage Financier to secure the Lessee's indebtedness to the Mortgage Financier;
- 1.1.17 "Mortgage Finance Agreement" means any agreement concluded between the Lessee and a Mortgage Financier against the security of a Mortgage Bond;
- 1.1.18 "Mortgage Financier" means the financial institution or such other entity (and includes its successors and assigns) to whom the Lessee is indebted in terms of a Mortgage Finance Agreement and/or Mortgage Bond;
- 1.1.19 "the Parties" means the Lessor and the Lessee;
- 1.1.20 "Registration" means registration in the office of the Registrar of Deeds in accordance with the provisions of the Deeds Registries Act No 47 of 1937;
- 1.1.21 "Rules" means the rules of the Residents Association from time to time;
- 1.1.22 "Specified Percentage" means 3.5% (three point five percent) which shall be apportioned and paid as follows -
- 1.1.22.1 3.0% (three percent) to the Lessor; and
- 1.1.22.2 0.5% (zero point five percent) to the Escrow Agent Trust Account;
- 1.1.23 "VAT" means Value-Added Tax payable in terms of the Vat Act;
- 1.1.24 "Vat Act" means the Value-added Tax Act No 89 of 1991;
- 1.1.25 "Writing" (or words of similar meaning) means legible writing and in English and excludes any form of electronic communication contemplated in the Electronic Communications and Transactions Act No 25 of 2002.



- 1.1.26 any reference to the singular includes the plural and *vice versa*;
- 1.1.27 any reference to natural persons includes legal persons and *vice versa*;
- 1.1.28 any reference to gender includes the other genders.
- 1.2 The clause headings in this Lease Agreement have been inserted for convenience only and shall not be taken into account in its interpretation.
- 1.3 Words and expressions defined in any sub-clause shall, for the purpose of the clause of which that sub-clause forms part, bear the meaning assigned to such words and expressions in that sub-clause.
- 1.4 If any provision in a definition is a substantive provision conferring rights or imposing obligations on any Party, effect shall be given to it as if it were a substantive clause in the body of this Lease Agreement, notwithstanding that it is only contained in the interpretation clause.
- 1.5 If any period is referred to in this Lease Agreement by way of reference to a number of days, the days shall be reckoned, subject to clause 1.6 below, exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a business day, in which case the day shall be the next succeeding business day.
- 1.6 If any period for which interest is to be calculated is referred to in this Lease Agreement by way of a reference to a number of days, the days shall be reckoned inclusively of the first and exclusively of the last day.
- 1.7 This Lease Agreement shall be governed by, construed and interpreted in accordance with the Law of the Republic of South Africa.

2 RECORDAL

- 2.1 The Lessor is the owner of the Property.
- 2.2 The Property forms part of the Development.
- 2.3 The Lessor has procured the establishment of the Development. Prior to the Effective Date the Property will have access to the internal roads, water, electricity, sewer and storm water reticulation in respect of the Development.
- 2.4 The Lessor wishes to let the Property to the Lessee who wishes to rent the same.
- 2.5 It is contemplated that the Lessee may Register a Mortgage Bond over the Leasehold Rights.
- 2.6 To protect the interests of the Mortgage Financier in the event of a default by the Lessee in its obligations to the Mortgage Financier pursuant to any Mortgage Finance Agreement or Mortgage Bond, and to make any Mortgage Bond effective security for the indebtedness from time to time of the Lessee to the Mortgage Financier, the Lessor grants to the Mortgage Financier the rights and benefits contemplated in clause 13 below and such other rights which may appear elsewhere in this Lease Agreement.

3 DURATION OF LEASE

The Lease Agreement shall endure for the Lease Term unless cancelled in terms of this Lease Agreement (and with the consent of the Mortgage Financier where such consent is required).

4 CONDITIONS OF PAYMENT

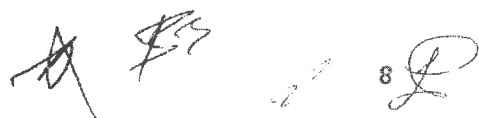
The Lessee shall not be entitled to withhold or attach any condition to the payment of any amount due to the Lessor and in particular the Lessee shall not apply set-off against any claim that may be owing by the Lessor to the Lessee from time to time.

5 WATER, ELECTRICITY AND OTHER CHARGES

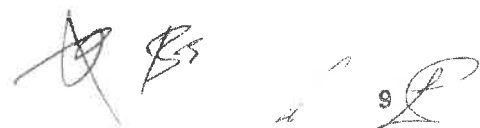
- 5.1 The Lessee shall be solely liable for all charges (including deposits) levied -
- 5.1.1 for rates, taxes and levies and any other charges (of whatsoever nature) payable by the Lessor in respect of the Property (including further any such charges or taxes that may now or in the



- future be payable by the Lessor by virtue of the Lessor's ownership of the Property) and similar charges for the Property or the Leasehold Rights (as the case may be) to any local or governmental or other authority, whether now or at any time in the future arising;
- 5.1.2 for all water, gas, electricity and other utilities consumed on the Property;
- 5.1.3 by the local authority or other service provider for the removal from the Property of refuse, any special refuse fees, industrial effluent fees, sanitary fees, sewerage fees, special sewerage fees, domestic effluent fees and all similar charges of whatsoever nature payable in respect of the Property;
- 5.1.4 all other costs and charges (of whatever nature) that would have been payable by the Lessee had it been the owner of the Property; and
- 5.1.5 for connecting to any voice, data or other telecommunications service (if any) installed in the Development, as well as all costs relating to the use of such services as may be levied by the relevant service provider.
- 5.2 The amounts due by the Lessee in terms of clause 5.1 above shall, at the sole discretion of the Lessor, be -
- 5.2.1 paid directly to the relevant authority or creditor; or
- 5.2.2 included in the levy statement dispatched monthly by the Residents Association to the Lessee in which case such amounts shall be paid by the Lessee to the Residents Association simultaneously with the balance of the levy payable by the Lessee.
- 5.3 All other arrangements that the Lessee makes with any statutory body, local or any other authority or party, with or without the consent of the Lessor, shall be for the account of the Lessee. The Lessee shall be liable for any deposits payable in respect of the foregoing.
- 6 ALTERATIONS**
- 6.1 The Lessee may not make, or permit to be made, any Alterations to the Property except with the Written consent of the Residents Association which consent shall be given only if the proposed Alterations are in accordance with the architectural guidelines of the Residents Association.
- 6.2 The Lessee shall at its own expense obtain all approvals of plans, planning and other permissions and anything necessary in terms of the National Building Regulations and Building Standards Act No 103 of 1977 or any other applicable Law before carrying out any Alterations permitted under this Lease Agreement.
- 6.3 The Lessee may make internal non-structural Alterations to the improvements on the Property.
- 6.4 At the end of the Lease Term the Lessee shall not remove any buildings and/or Alterations, all of which shall form part of the Property and be owned by the Lessor.
- 6.5 The Lessee waives all and any claims against the Lessor, including its successor in title, for compensation for any improvements to the Property, irrespective of whether or not such improvements are of a useful or necessary nature and irrespective of whether or not such improvements were approved by either the Lessor or the Residents Association.
- 7 EXTENSION OF THE LEASE TERM**
- 7.1 Subject to clause 7.2 below, the Lease Term may be extended from time to time for a period equal to the period required to reinstate the Lease Term to 99 (ninety nine) years.
- 7.2 The Lease Term -
- 7.2.1 shall (subject to clauses 8.3.1.1 and 8.3.1.2 below) be extended if the Leasehold Rights are disposed of by the Lessee (or by the Mortgage Financer pursuant to a Forced Disposal) or pursuant to a sale on insolvency; and
- 7.2.2 is capable of being extended by the Lessee at any time during the Lease Term provided that -
- 7.2.2.1 at least three years has elapsed since the first Registration of this Lease Agreement;

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- 7.2.2.2 the Lessee is not in default of any of its obligations to the Lessor;
- 7.2.2.3 the Residents Association furnishes the Lessor with proof to its reasonable satisfaction that the Lessee has paid or made provision for the payment of all the charges due by the Lessee -
- 7.2.2.3.1 to the Residents Association in terms of this Lease Agreement and/or the Rules and/or the memorandum and articles of association of the Residents Association;
- 7.2.2.3.2 in terms of clause 5.1.1 to 5.1.5 above (both inclusive);
- 7.2.2.4 the Lessee has delivered to the Lessor's Attorneys security to the reasonable satisfaction of the Lessor for the payment of the Extension Consideration against the registration of a notarial deed of extension of the Lease Term.
- 7.3 Provided that the provisions of clause 7.2.2 above have been satisfied, the Lessor shall sign such documentation as may be required for the registration in the deeds office for the extension of the Lease Term. The extension of the Lease Term shall be effective from date of Registration of the notarial deed of extension of lease contemplated in clauses 7.2.2.4 above and 8.1.4 below (as the case may be).
- 7.4 Notwithstanding anything to the contrary herein contained, any extension of the Lease Term is subject to and conditional upon payment of the Extension Consideration, except only to the extent that this Agreement expressly provides that no Extension Consideration is payable.
- 8 DISPOSAL OF LEASEHOLD RIGHTS**
- 8.1 The Lessee (and its successor in title) shall at any time during the Lease Term be entitled to dispose of the Leasehold Rights to a *bona fide* third party ("**Third Party**") provided that -
- 8.1.1 the Lessee is not in default of any of its obligations to the Lessor;
- 8.1.2 the Residents Association furnishes the Lessor with proof to its reasonable satisfaction that the Lessee has paid or made provision for the payment of all the charges due by the Lessee to -
- 8.1.2.1 the Residents Association in terms of this Lease Agreement and/or the Rules and/or the memorandum and articles of association of the Residents Association;
- 8.1.2.2 the local authority in terms of clause 5.1 above;
- 8.1.3 the Third Party has acknowledged in Writing that he is obliged to be a member of the Residents Association and is liable for the charges levied by the Residents Association in terms of this Lease Agreement, the memorandum and articles of association of the Residents Association and the Rules;
- 8.1.4 the Lessee has delivered to the Lessor's Attorneys security to the reasonable satisfaction of the Lessor for the payment of the Extension Consideration against the registration of a notarial deed of extension of the Lease Term.
- 8.2 If the Lessee has complied or procured compliance with clauses 8.1.1 to 8.1.3 above and provided security as contemplated in clause 8.1.4 above has been furnished, the Lessor shall sign the Notarial Deed of Cession and Assignment of Leasehold Rights in terms whereof the Lessor consents to the cession and the delegation of the Leasehold Rights to the Third Party by the Lessee together with all such documents as the Lessor's Attorneys require for this purpose. The Lessee shall be liable for the costs of the Lessor's Attorney in terms of this clause 8.2. With effect from the date of Registration of the Notarial Deed of Cession and Assignment contemplated in this clause 8.2, the Lessee (as cedent) shall have no further obligation to the Lessor and the Third Party (as cessionary) shall be entitled to all the Leasehold Rights and subject to all the obligations of the Lessee in terms of this Lease Agreement.

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- 8.3 The Parties record that -
- 8.3.1 no Extension Consideration shall be payable if -
- 8.3.1.1 the Leasehold Rights of the Lessee are to be transferred to the spouse of the Lessee in terms of an order of court in divorce proceedings, in which case the Lease Term shall not be extended pursuant to clause 7.2.1 above; or
- 8.3.1.2 the Leasehold Rights are disposed of pursuant to a testamentary bequest to a testamentary heir (and includes a disposal pursuant to a redistribution agreement concluded in respect of such bequest) or by virtue of intestate succession in which case the Lease Term shall not be extended pursuant to clause 7.2.1 above; or
- 8.3.1.3 the Lease Term is extended during the period contemplated in clause 1.1.11.1 above;
- 8.3.2 a Deemed Disposal shall be subject to the provisions of clause 8.1 above, a Forced Disposal and/or a Distressed Disposal shall be subject to the provisions of clauses 8.1.1 to 8.1.4 above (inclusive).
- 8.4 The Lessor, or its nominee, shall be entitled to appoint a panel of estate agents, from which the Lessee (or its successors in title) shall be obliged to select an estate agent to attend to all disposals of the Leasehold Rights. This clause 8.4 shall not apply in the instance of a Forced Disposal or a disposal pursuant to insolvency.
- 8.5 The Lessor shall procure that the estate agents commission, payable by the Lessee to the relevant estate agent, shall not exceed 5% (five percent) plus VAT thereon of the disposal consideration. This clause 8.5 shall not apply in the instance of a Forced Disposal or a disposal pursuant to insolvency.
- 8.6 The Parties record that clauses 8.4 and 8.5 above do not apply to a private disposal of the Leasehold Rights by the Lessee.
- 9 REQUIREMENTS OF THE LESSOR**
- 9.1 The Lessor specifically requires that the Lessee confirms its tenancy on the expiry of each consecutive period of 36 (thirty six) months from the Effective Date throughout the currency of the Lease Term in question. Accordingly -
- 9.1.1 the Lessee shall upon the expiry of each 36 (thirty six) months from the Effective Date during the currency of the Lease Term (including any period by which the Lease Term is extended) address a Written notice to the Lessor confirming the Lessee's tenancy as aforesaid. Should the Lessee fail to address such Written notice to the Lessor within 30 (thirty) days after the expiry of each such 36 (thirty six) month period, the Lessor shall be entitled to request the Lessee in Writing to provide such confirmation.
- 9.1.2 the Lessee shall be deemed to have confirmed its tenancy unless the Lessee within 30 (thirty) days after the receipt by the Lessee of the Lessor's Written request notifies the Lessor in Writing that it does not confirm its tenancy. Only if the Lessee notifies the Lessor in Writing that it does not confirm its tenancy the Lessor shall be entitled, but not obliged, to cancel this Lease Agreement forthwith subject however to clause 15.1.4 below.
- 9.2 It is an overriding principle of this clause 9 that the Lessor shall not be entitled to cancel this Lease Agreement in accordance with the provisions of clause 9.1.2 above unless the Lessee has notified the Lessor in Writing that it does not confirm its tenancy as aforesaid.
- 9.3 The Lessee shall have no obligation to pay any Extension Consideration in respect of the confirmation of tenancy as set out in this clause 9.
- 9.4 The Lessee shall not carry on or allow to be carried on or about the Property any business which sells or distributes liquor or potable alcohol as its primary business or which carries on as its primary business any form of gaming or lottery, or any form of escort agency, strip shows, night clubs, or entertainment of a similar nature and shall use its best endeavours to use the Property and

allow the Property to be used in a manner which is not offensive to the Lessor as set out in this clause 9.4.

10 SPECIAL CONDITIONS

- 10.1 The aesthetic design of all improvements to the Property shall be subject to the approval of the Lessor, which approval shall not be unreasonably withheld and the Lessor shall be entitled to delegate such right to grant or refuse approval to the Residents Association.
- 10.2 The Lessee shall at all times during the Lease Term maintain the Property, all improvements thereon both structurally and in all other respects and the garden in a neat and tidy condition as if the Lessee were the owner of the Property, and at least to the minimum standards determined from time to time by the Residents Association.
- 10.3 The Lessee -
- 10.3.1 shall not construct more than one residential dwelling on the Property;
- 10.3.2 shall not use any building contractor who is not approved by the Residents Association and accredited by the National Home Builders Registration Council ("NHBRC") and its successors in title;
- 10.3.3 acknowledges -
- 10.3.3.1 that he/she is aware of and understands all the Rules and will comply with such Rules and which Rules are available at the Residents Association's offices from time to time (which Rules are deemed to be incorporated in this Lease Agreement);
- 10.3.3.2 that the occupation of the Property will be limited to such prescribed number of persons as may be determined by the Residents Association acting reasonably in terms of the Rules.
- 10.4 The Lessee hereby indemnifies and waives all claims against the Lessor for any damage suffered by the Lessee pursuant to the defective construction of a dwelling house or Alterations on the Property or any defect in the dwelling house or Alterations on the Property.
- 10.5 The Lessor has no responsibility whatsoever in respect of the Property or any Alterations or other improvements thereon, whether to the Lessee or to any other person. All such responsibility vests now and at any time in the future in the Lessee and for that purpose the Parties record that this Lease Agreement is a fully maintaining, repairing and insuring lease.

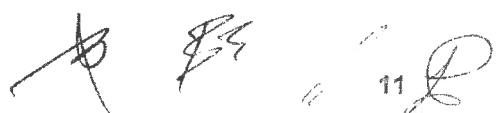
11 POSSESSION AND OCCUPATION

- 11.1 Possession and occupation of the Property shall be given to and taken by the Lessee on the Effective Date from which date the Lessee shall be entitled to every benefit and income arising from the Property and from which date the Property shall be held by the Lessee at its risk and expense.
- 11.2 The Lessee shall from the Effective Date be liable to insure and keep so insured the Property and all improvements thereon for an amount not less than the replacement value thereof from time to time (as determined by the Mortgage Financier, if applicable) and the Lessee shall on demand provide proof thereof to the Lessor.

12 RESIDENTS ASSOCIATION

- 12.1 The Lessee shall from the Effective Date become a member of the Residents Association and shall continue to be a member of the Residents Association for as long as the Lessee is the registered holder of the Leasehold Rights.
- 12.2 The Lessee shall on presentation of an invoice by the Residents Association pay to the Residents Association such amounts as may be due in terms of this Lease Agreement, the Rules and/or the memorandum and articles of the Residents Association from time to time.
- 12.3 The Lessee shall adhere to the Rules.

13 STIPULATION FOR THE BENEFIT OF THE MORTGAGE FINANCIER

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- 13.1 The terms and conditions (and specifically this clause 13) in this Lease Agreement that confer rights or benefits in favour of Mortgage Financiers are in the nature of a *stipulatio alteri*. The Registration of the Mortgage Bond by a Mortgage Financier shall be deemed to be acceptance by the Mortgage Financier of such rights. In addition, the benefits of the *stipulatio alteri* may be accepted by a Mortgage Financier in Writing in such other lawful manner as the Mortgage Financier determines.
- 13.2 This clause 13 -
- 13.2.1 is separate and severable from the remainder of this Lease Agreement;
- 13.2.2 does not confer any benefits on the Lessee; and
- 13.2.3 shall, notwithstanding the termination of this Lease Agreement, be and remain of full force and effect between the Lessor and the Mortgage Financier.
- 13.3 If the Lessee defaults under a Mortgage Finance Agreement and/or Mortgage Bond, and after the Lessee has failed to remedy such default, the Mortgage Financier shall notify the Lessor in Writing of such default and of the Mortgage Financier's intention to realise its security held under the Mortgage Bond.
- 13.4 The Mortgage Financier shall have an unfettered right to recover against the Lessee the indebtedness of the Lessee to the Mortgage Financier secured by the Mortgage Bond.
- 13.5 Notwithstanding anything to the contrary in this Lease Agreement, in the event that the Leasehold Rights are disposed of pursuant to a Forced Disposal and/or Distressed Disposal, whether by private treaty or public auction, the Lessee shall to the extent that the proceeds of such disposal ("**Disposal Proceeds**") are -
- 13.5.1 sufficient to defray the indebtedness of the Lessee to the Mortgage Financier (including the costs of the Forced Disposal and/or Distressed Disposal and the amounts due to the Residents Association); and if -
- 13.5.1.1 sufficient to settle the Extension Consideration calculated on such Disposal Proceeds, pay to the Lessor the Extension Consideration; or
- 13.5.1.2 insufficient to settle the Extension Consideration, pay to the Lessor the greater of
- 13.5.1.2.1 the balance of the Disposal Proceeds after deduction of the indebtedness and the costs envisaged in clause 13.5.1 above; and
- 13.5.1.2.2 an amount equal to R1 000 (one thousand rand) escalated from 1 January 2011 to the date of the disposal at a rate equal to the CPI Increase, plus VAT thereon;
- 13.5.2 insufficient to defray the indebtedness of the Lessee to the Mortgage Financier (including the costs of the Forced Disposal and/or Distressed Disposal and the amounts due to the Residents Association), pay to the Lessor an amount equal to R1 000 (one thousand rand) escalated from 1 January 2011 to the date of the disposal at a rate equal to the CPI Increase, plus VAT thereon.
- 13.6 In the instance of a Forced Disposal or Distressed Disposal, the party acquiring the Leasehold Rights shall be obliged to pay to the Lessor's Attorneys such reasonable costs as may be levied by the Lessor's Attorneys for the preparation and execution of the relevant documents required to Register the cession and delegation of the Leasehold Rights.
- 13.7 The Lessor shall have no obligation or liability of whatsoever nature to the Lessee that arises at any time, directly or indirectly, as a result of the exercise by a Mortgage Financier of the benefits of the *stipulatio alteri* or of its rights in terms of a Mortgage Finance Agreement and/or Mortgage Bond.
- 13.8 If the -
- 13.8.1 Lessee defaults on any of its material obligations in terms of this Lease Agreement, the Lessor shall give notice to the Mortgage Financier of such default and of the Lessee's failure to remedy such default or the Lessee's remedy of the breach, as the case may be;

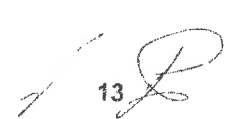


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- 13.8.2 Lessor receives a notice from a Lessee in terms whereof the Lessee purports to cancel this Lease Agreement or alleges that this Lease Agreement has terminated for whatever reason, the Lessor shall deliver to the Mortgage Financier a copy of such notice.
- 13.9 The Lessor shall at all times maintain a fund in a separate bank account in an amount of no less than R200 000.00 (two hundred thousand rand) (which amount shall from 1 January 2011 annually escalate at a rate equal to the Specified Percentage) in respect of the rates and taxes, sewerage or refuse removal payable in respect of the Development.
- 13.10 The Lessor shall within 90 (ninety) days of the financial year end of the Lessor deliver to the Mortgage Financier a statement issued by the Lessor's bankers and confirmed by the Lessor's auditor, confirming the existence of the fund as contemplated in clause 13.9 above and the balance reflected therein as at the year end.
- 13.11 The fund contemplated in clause 13.9 above shall be utilised solely to defray any shortfall which may exist in respect of the rates and taxes, sewerage or refuse removal due to the local authority in respect of the Development.
- 13.12 In respect of the
- 13.12.1 initial disposal or any subsequent disposal by the Lessor of the Leasehold Rights an amount equal to that portion of the Specified Percentage referred to in clause 1.1.22.2 above of the Lease Consideration; and
- 13.12.2 each subsequent disposal of the Leasehold Rights (other than a disposal as contemplated in clause 8.3.1 above or pursuant to a Forced Disposal or a Distressed Disposal) that portion of the Extension Consideration referred to in clause 1.1.22.2 above
- shall be paid to the credit of the Escrow Agent Trust Account. The Lessor retrospectively cedes to the Escrow Agent (in its capacity as such) the right to receive payment of such amount. If such amount is (notwithstanding such cession) received by the Lessor, the Lessor will forthwith pay such amount to the Escrow Agent.
- 13.13 Notwithstanding anything to the contrary contained in this Lease Agreement and for as long as this Lease Agreement is subject to a Mortgage Bond, the Lessee shall not be entitled to cancel or assign this Lease Agreement for any reason whatsoever unless the prior Written consent of the Mortgage Financier to such cancellation or assignment is obtained, which consent shall not be unreasonably withheld or delayed. Any purported cancellation or assignment without the Written consent of the Mortgage Financier will be invalid and will not give rise to the cancellation or assignment of this Lease Agreement.
- 13.14 To the extent that the Lease Agreement is subject to the Consumer Protection Act No 68 of 2008 ("the "CPA") and this Lease Agreement is terminated by the Lessee in terms of the CPA –
- 13.14.1 the Lessee shall vacate the Property on the expiry of the notice period contemplated in the relevant provision of the CPA;
- 13.14.2 the Lessor shall, as soon as reasonably possible after receipt of the termination notice, give Written notice to the Mortgage Financier of the Lessee's termination of this Lease Agreement;
- 13.14.3 the Lessor shall thereupon proceed forthwith to dispose of the leasehold rights by public auction and the proceeds of such disposal shall be distributed by the Lessor *mutatis mutandis* as contemplated in respect of a Forced Disposal in clause 16.6 below; and
- 13.14.4 pending the disposal of the Leasehold Rights in terms of clause 13.14.3 above, the Lessor shall not grant the Leasehold Rights to any person or in any manner alienate, dispose of or encumber the Leasehold Rights.

14 EXPROPRIATION

Subject to any applicable Law, in the event of expropriation by a competent authority of -

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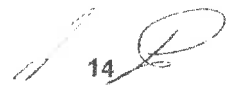
- 14.1 the Property subject to the Leasehold Rights, the expropriation compensation shall be paid to the Lessor; or
- 14.2 the Leasehold Rights, the expropriation compensation shall be utilised to defray the outstanding obligation of the Lessee in terms of any existing Mortgage Finance Agreement and/or Mortgage Bond, and the balance of the expropriation compensation shall then be applied to the Lessee's indebtedness to the Lessor and to the Residents Association and lastly any remaining surplus shall be paid to the Lessee.

15 RESTRICTION AGAINST CANCELLATION

- 15.1 Notwithstanding anything to the contrary contained in this Lease Agreement (but subject to clause 15.3 below) and/or implied by law, the Lessor shall only be entitled to cancel this Lease Agreement by reason of a breach or default by the Lessee if -
- 15.1.1 the breach or default is material, and goes to the root of this Lease Agreement; and
- 15.1.2 the breach or default is not capable of being remedied, or of being compensated for by a monetary payment; or
- 15.1.3 the breach or default is capable of being remedied, or of being compensated for by a monetary payment and is -
- 15.1.3.1 not remedied within 30 (thirty) days (or if the breach or default is not capable of being remedied within 30 (thirty) days, or within such longer period as the Lessee may prove to be reasonable in the circumstances) after award of a Final Order in respect thereof against the Lessee; or
- 15.1.3.2 not compensated for by a monetary payment to the Lessor within 30 (thirty) days after award of a Final Order in respect thereof against the Lessee; and
- 15.1.4 the Mortgage Financier has given its Written consent to the cancellation of this Lease Agreement to the extent required in terms of clause 15.1.3.1 above which consent shall not be unreasonably withheld or delayed.
- 15.2 For purposes of clauses 15.1.3.1 and 15.1.3.2 above "**Final Order**" shall mean a court order in respect of which all available steps of appeal, review and rescission have been exhausted.
- 15.3 For purposes of clause 15 a breach or default shall be material if the Lessee -
- 15.3.1 fails to promptly pay any Deposit, or provide the guarantee on the due date; or
- 15.3.2 breaches its obligations in terms of clauses 9.4 and 12 above; or
- 15.3.3 breaches or defaults on the obligation to pay the rates and taxes in respect of the Property or the Leasehold Rights and/or a sum of money to the Lessor and the amount thereof exceeds R10 000.00 (ten thousand rand), which amount shall escalate from 1 January 2011 to the date of the breach at a rate equal to the CPI Increase; or
- 15.3.4 fails to pay the local authority an amount due by the Lessee in respect of the Property (or the Leasehold Rights) in terms of this Lease Agreement, and the Lessor has received a summons in respect of the amount so due.

16 BREACH

- 16.1 If the Lessee breaches any term of this Lease Agreement the Lessee shall be given notice of such breach and be afforded 30 (thirty) days to remedy such breach.
- 16.2 Subject to clause 15 above, if the Lessee fails to remedy a breach of this Lease Agreement after notice requiring the Lessee to remedy such breach has been given by the Lessor to the Lessee, the Lessor shall (without prejudice to any other rights which it may have at Law or in terms hereof) be entitled but not obliged, notwithstanding any previous waiver or anything to the contrary herein contained -

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- 16.2.1 to cancel this Lease Agreement forthwith and retake possession of the Property, without prejudice to its claims for any sums payable hereunder or for any damages which it may suffer by reason of such breach and/or cancellation, or
- 16.2.2 to any other remedy which it may have against the Lessee arising out of this Lease Agreement or in law.
- 16.3 If the Lessor cancels this Lease Agreement and the Lessee disputes the right to cancel and remains in occupation of the Property, the Lessee shall, pending the determination of such dispute by litigation or otherwise, continue to pay the monthly sums payable in terms of this Lease Agreement, the Rules or the memorandum and articles of association of the Residents Association on the date or dates on which such other sums would have been due but for the cancellation, and the Lessor and/or the Residents Association shall be entitled to accept and recover such payments and the acceptance thereof shall be without prejudice to and shall not in any way whatsoever affect the Lessor's cancellation then in dispute. If the dispute is determined in favour of the Lessor, the payments made and received in terms of this clause shall be deemed to be amounts paid by the Lessee on account of damages suffered by the Lessor by reason of the cancellation of this Lease Agreement and the unlawful occupation of the Property by the Lessee.
- 16.4 If this Lease Agreement is cancelled pursuant to clause 16.2 above the Lessor shall by public auction or private treaty dispose of the leasehold rights on the same terms and conditions *mutatis mutandis* (except for rental which shall be the lump sum rental bid) as are herein contained.
- 16.5 The Lessor shall be entitled to set a reserve in respect of the lump sum rental payable in terms of any new lease concluded pursuant to clause 16.4 above, which reserve shall equal or exceed the amount due by the Lessee to the Lessor and the Residents Association. The Lessor shall give Written notice to the Mortgage Financier of such reserve price and reasonable notice of any auction date.
- 16.6 If the Leasehold Rights are sold pursuant to a default by the Lessee in terms of this Lease Agreement or the Mortgage Finance Agreement and/or the Mortgage Bond, the proceeds of such sale shall subject to the provisions of any applicable Law be applied (in the order stated below) in respect of the amounts due -
- 16.6.1 in respect of the costs of such sale;
- 16.6.2 by the Lessee -
- 16.6.2.1 in terms of clauses 5.1.1 to 5.1.5 above (both inclusive);
- 16.6.2.2 to the Mortgage Financier (subject to clause 13.5 above) in terms of a Mortgage Finance Agreement and/or Mortgage Bond;
- 16.6.2.3 to the Lessor in terms of this Lease Agreement;
- 16.6.2.4 to the Residents Association in terms of this Lease Agreement, the Rules and the memorandum and articles of association of the Residents Association;
- 16.6.2.5 to the Lessor in an amount equal to the Extension Consideration;
- 16.6.3 in respect of the costs incurred by the Lessor in respect of the Property from the date of the cancellation of this Lease Agreement to the date of the disposal in terms of this clause 16.6.
- 16.7 Any surplus proceeds of the sale contemplated in clause 16.4 above, which may remain after payment of the charges contemplated in clause 16.6 above, shall be paid by the Lessor to the Lessee.
- 16.8 The Lessee waives any and all claims which it may have or acquire in the future against the Lessor in respect of anything done by the Lessor in good faith pursuant to this clause 16.



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17 WARRANTIES

- 17.1 The Lessor gives no warranties whether express or implied with regard to the Property, the Property being leased by the Lessee "voetstoots". In particular and without limiting the generality of the foregoing the Lessor does not warrant that the Property is fit for any intended and/or particular purpose.
- 17.2 The Lessor warrants that -
- 17.2.1 it is the lawful owner of the Property;
- 17.2.2 it is lawfully entitled to enter into and give effect to this Lease Agreement;
- 17.2.3 it will not during the Lease Term, encumber the Property by mortgage bond or otherwise.
- 17.3 The Property is leased by the Lessor to the Lessee in accordance with the relevant general plan or sub-division diagram as finally approved by the Surveyor General at Pretoria. Neither the Lessee nor the Lessor will have any claim against the other arising from any discrepancy between the general plan or sub-division diagram as finally approved and any dimension stated in this Lease Agreement.

18 LIMITATION OF LIABILITY

- 18.1 Save as may be caused by gross negligence or malicious conduct by the Lessor and/or by any person for whom the Lessor may be vicariously liable at Law, the Lessee shall have no claim of whatever nature against the Lessor or any of its directors, employees, agents or representatives arising from anything done or omitted to be done by the Lessor and/or any of such persons on or about the Property or on the Development. The Lessee indemnifies the Lessor against all such claims that may be brought or threatened against the Lessor by any third party.
- 18.2 The Lessee will on demand reimburse the Lessor with all costs (including legal costs on an attorney and own client scale) incurred by the Lessor in opposing any claims contemplated in 18.1 above that may be brought or threatened against it.
- 18.3 The Lessee will give the Lessor every reasonable assistance that may be required by the Lessor for purposes of opposing any such claim that may be brought or threatened against it.

19 DAMAGE AND/OR DESTRUCTION

If during the Lease Term any improvements forming part of the Property are damaged or destroyed -

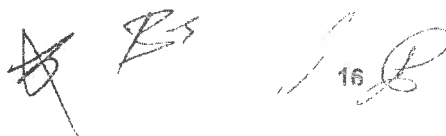
- 19.1 this Lease Agreement shall not terminate; and
- 19.2 the Lessee shall notwithstanding such damage or destruction be and remain liable for the payment of all amounts payable by it in terms of or pursuant to this Lease Agreement;
- 19.3 the Lessee shall not be entitled to an abatement of rental for any period in respect of which it may be deprived of the beneficial use and occupation of such improvements and/or the Property;
- 19.4 the relevant improvements shall be repaired or rebuilt by the Lessee with all due diligence and as expeditiously reasonably possible in the circumstances.

20 RESTRICTION AGAINST OBJECTIONS

The Lessee undertakes that it will not object to any application by the Lessor or an entity which Controls the Lessor and/or any third party to any governmental or other authority relating to or in connection with any development to take place on the remainder of the Farm Waterval 5 - IR (or any portion thereof), which development is in accordance with the urban development framework for the farm Waterval 5 IR approved as at 1 April 2009 (as amended by any competent authority or by the Lessor).

21 NOTICES AND DOMICILIA

- 21.1 The Parties choose as their *domicilia citandi et executandi* their respective addresses set out in this clause for all purposes arising out of or in connection with this Lease Agreement at which addresses all processes and notices arising out of or in connection with this Lease Agreement, its breach or termination may validly be served upon or delivered to the Parties.

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- 21.2 For purposes of this Lease Agreement the parties' respective addresses shall be -
- 21.2.1 the Lessor at 20 Waterval Crescent Woodmead Johannesburg
facsimile number 011 – 802 1563
with a copy to: The Property Department Head: The Lessor's Attorneys at its registered address
facsimile number; the general facsimile number of such firm as displayed on its letterhead;
- 21.2.2 the Lessee at the address specified in clause 1.1.10 above of the first part of this Lease Agreement;
- 21.2.3 the Mortgage Financier at its Head Office: Home Loans Division (from time to time) and marked
for the attention of the Manager: Home Loans Division
facsimile number – the facsimile number of the Home Loans Division of the Mortgage Financier
(from time to time);

or at such other address in the Republic of South Africa of which the Party concerned may notify the others in Writing provided that no street address mentioned in this sub-clause shall be changed to a post office box or *poste restante*.

- 21.3 Any notice given in terms of this Lease Agreement shall be in Writing and shall -
- 21.3.1 if delivered by hand be deemed to have been duly received by the addressee on the date of delivery;
- 21.3.2 if transmitted by facsimile be deemed to have been received by the addressee on the day following the date of dispatch,
unless the contrary is proved.
- 21.4 Notwithstanding anything to the contrary contained or implied in this Lease Agreement, a Written notice or communication actually received by one of the Parties from another including by way of facsimile transmission shall be adequate Written notice or communication to such Party.

22 RELAXATION

No latitude, extension of time or other indulgence which may be given or allowed by any Party to the other Party in respect of the performance of any obligation hereunder, and no delay or forbearance in the enforcement of any right of any Party arising from this Lease Agreement, and no single or partial exercise of any right by any Party under this Lease Agreement, shall in any circumstances be construed to be an implied consent or election by such Party or operate as a waiver or a novation of or otherwise affect any of the Party's rights in terms of or arising from this Lease Agreement or estop or preclude any such Party from enforcing at any time and without notice, strict and punctual compliance with each and every provision or term hereof.

23 SEVERABILITY

Each and every provision of this Lease Agreement (excluding only those provisions which are essential at Law for a valid and binding agreement to be constituted) shall be deemed to be separate and severable from the remaining provisions of this Lease Agreement. If any of the provisions of this Lease Agreement (excluding only those provisions which are essential at Law for a valid and binding agreement to be constituted) is found by any court of competent jurisdiction to be invalid and/or unenforceable then, notwithstanding such invalidity and/or unenforceability, the remaining provisions of this Lease Agreement shall be and remain of full force and effect.

24 WHOLE AGREEMENT AND VARIATION

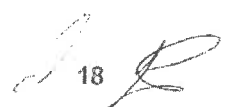
- 24.1 This Lease Agreement constitutes the whole agreement between the Parties as to the subject matter hereof and no agreements, representations or warranties between the Parties regarding the subject matter hereof other than those set out herein are binding on the Parties.
- 24.2 On the date of notarial execution of this Lease Agreement, the Initial Agreement shall be cancelled, provided that any amounts paid by the Lessee pursuant to the Initial Agreement shall be retained by the Lessor as payment in terms of this Lease Agreement.

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- 24.3 No addition to or variation, consensual cancellation or novation of this Lease Agreement and no waiver of any right arising from this Lease Agreement or its breach or termination shall be of any force or effect unless reduced to Writing and signed by all the parties or their duly authorised representatives, and consented thereto in Writing by the Mortgage Financier. Any action or act contrary to the provisions of this clause 24.3 shall be void and of no force or effect whatsoever.
- 24.4 An agreement to vary the terms of this Lease Agreement shall have no effect *vis a vis* third parties unless notarially executed and registered against this Lease Agreement.
- 24.5 The expiration, cancellation or other termination of this Lease Agreement shall not affect those provisions of this Lease Agreement as expressly provide that they will operate after such expiration, cancellation or other termination or which of necessity must continue to endure, *inter alia* clauses 6.5 and 13.7 above, after such expiration, cancellation or other termination, notwithstanding that the relevant clause may not expressly provide for such continuation.
- 24.6 This Lease Agreement will also be for the benefit of and be binding upon the successors in title and permitted assigns of the Parties or either of them.

25 NEW LAWS AND INABILITY TO PERFORM

- 25.1 If any Law comes into operation subsequent to the Effective Date of this Lease Agreement which Law affects any aspect or matter or issue contained in this Lease Agreement, the Parties undertake to enter into negotiations in good faith regarding a variation of this Lease Agreement in order to ensure that neither this Lease Agreement nor its implementation constitutes a contravention of such Law. No such variation agreement shall be effective unless consented thereto in Writing by the Mortgage Financier.
- 25.2 If the Lessor is prevented from performing any of its obligations in terms of this Lease Agreement as a result of any existing or new Law or as a result of any event beyond its reasonable control whether or not foreseeable, including war, political intervention, riot or insurrection, it shall not be liable for any failure to perform its obligations under this Lease Agreement while such event persists.
- 25.3 If the Lease Agreement is cancelled by the Lessee in accordance with the provisions of the Consumer Protection Act No 68 of 2008 as contemplated in 13.14 above then the Lessee will have no claim against the Lessor for repayment of pre-paid rentals and/or compensation for such improvements (if any) as may have been effected to the Property.



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